

Affordability—The Road Ahead

DAU Hosts 11th PEO/SYSCOM Commanders' Conference

LEON REED

The 11th Program Executive Officers/Systems Command (PEO/SYSCOM) Commanders' Conference—the first held after the events of Sept. 11—provided the usual informal interactions between government and industry personnel involved in systems acquisition. Under-scoring every presentation, however, was concern about the aftermath of Sept. 11 and how it will affect DoD's Acquisition, Technology and Logistics workforce, the entire Defense industry, and the nation at large.

Over 400 acquisition professionals from government and industry, including many flag officers and senior civilians, attended the conference, which was held Oct. 23-25, 2001, at the Fort Belvoir campus of the Defense Acquisition University.

Keynote Address

The keynote speaker, Edward C. "Pete" Aldridge Jr., Under Secretary of Defense for Acquisition, Technology, and Logistics (USD-AT&L) welcomed the attendees. Aldridge noted that the last time he had spoken "to such a large group of AT&L people was on Sept. 10 ... That morning, I enjoined our workforce against complacency by pointing out that three out of our nation's five last major wars came as surprises. I think now we can change that to four out of six." He noted that much has changed since the attacks and that much more must change. "We're going to have to re-evaluate our priorities, our thinking, and our method of doing business."

Networking during a break in conference activities are from left: Army Maj. Gen. Joseph L. Yakovac Jr., PEO for the Army's Ground Combat Systems; Army Lt. Gen. (now Gen.) Paul J. Kern, Commanding General, U.S. Army Materiel Command; and Air Force Brig. Gen. Jeffrey Riemer, PEO, Command and Control and Combat Support.



DAU President Frank Anderson Jr. (left) welcomes Under Secretary of Defense (Acquisition, Technology and Logistics) Edward C. "Pete" Aldridge Jr. Also on hand to welcome Aldridge is DAU Commandant Army Col. (P) James Moran.

Reed is a member of the Research Staff, Institute for Defense Analyses, Alexandria, Va.

Speaking with Aldridge (right) during a break in conference activities are from left: Gerald Daniels, President and CEO, Military Aircraft and Missile Systems, The Boeing Co.; and John Young, Assistant Secretary of the Navy (Research, Development and Acquisition).



He reviewed his five goals and commented on how the events of Sept. 11 have shown the importance of these goals.

1

Achieve credibility and effectiveness in the acquisition and logistics support

process. Aldridge stated that it is a principal objective of his to achieve “enough confidence on Capitol Hill that they give us a bit more leeway.” But Aldridge noted that DoD must earn this trust. The events of Sept. 11 provide a great opportunity to accomplish this, but DoD must “scrub all our initiatives and pro-

grams to identify those activities and practices that slow the process.” He challenged the audience to support this objective. “If you spend the next 30 years in acquisition, you may never get a better chance to change the way we do business.”

2

Revitalize the quality and morale of the AT&L workforce. The events of Sept. 11 have highlighted the importance of DoD’s workforce. While the Armed Services can take action to forestall retirements during the crisis, the civilian workforce managers cannot, and the pending retirements of a large portion of the workforce “represents a train wreck heading straight toward us.” The essential challenge has not changed, and indeed has become more urgent. “We need to recruit younger, more tech-savvy workers and take steps to improve the recruitment, training, and retention of skilled workers.”

3

Improve the health of the defense industrial base. Aldridge commented that the events of Sept. 11 highlight the link between the health of the industrial base

S P E A K E R S

Industry CEOs/Presidents

Edward C. “Pete” Aldridge Jr., Under Secretary of Defense (Acquisition, Technology and Logistics), Moderator
Vance Coffman, Chairman and CEO, Lockheed Martin
Gerald Daniels, President and CEO, Boeing Military Aircraft and Missile Systems
Mark Ronald, President and CEO, BAE Systems North America

Program Executive Officers

Retired Air Force Lt. Gen. Thomas Ferguson, Moderator
Navy Rear Adm. Charles Hamilton, PEO Surface Strike
Army Brig. Gen. Edward Harrington, Director, DCMA
Air Force Brig. Gen. Jeffrey Riemer, PEO Command and Control and Combat Support
Army Brig. Gen. John Urias, Deputy Commanding General for Acquisition, Army Space and Missile Defense Command

Service Materiel/Systems Command Commanders

Retired Air Force Gen. Larry Welch, President and CEO, Institute for Defense Analyses
Army Lt. Gen. Roy Beauchamp, Deputy Commanding General, Army Materiel Command
Navy Vice Adm. Joseph Dyer, Commander, Naval Air Systems Command
Navy Vice Adm. George Nanos, Commander, Naval Sea Systems Command
Air Force Gen. Lester Lyles, Commander Air Force Materiel Command

Wall Street

John Douglass, President and CEO, Aerospace Industries Association, Moderator
Byron Callan, First Vice President, Merrill Lynch
Pierre Chao, Managing Director, Credit Suisse First Boston
Wolfgang Demisch, Managing Director, Dresdner Kleinwort, Wasserstein
Heidi Wood, Vice President, Morgan Stanley

Service Acquisition Executives

Michael Wynne, Principal Deputy Under Secretary of Defense (AT&L), Moderator
John Young, Assistant Secretary of the Navy (Research, Development and Acquisition)
Ken Oscar, Assistant Secretary of the Army (Acquisition, Logistics and Technology)
Harry Schulte, Acquisition Executive and Senior Procurement Executive, Special Operations Command
Blaise Durante, Deputy Assistant Secretary of the Air Force (Management Policy and Program Integration)

Individual Speakers

Donna Richbourg, Director, Acquisition Initiatives
Terry Little, System Program Director, Lethal Attack Joint Program Office

Luncheon Speakers

Robert Walker, Chairman of the President’s Commission on the Future of the Aerospace Industry
Allen Beckett, Principal Assistant Deputy Under Secretary of Defense (Logistics and Materiel Readiness)

and its ability to provide first-class equipment to the warfighter. “Indeed, the apparent success of our enemy in damaging our economy underscores this problem.” DoD is taking actions to bolster the industrial base and is examining options to increase production capability. “Our war effort is as dependent on a healthy industrial base as it is on the young people serving in the Armed Forces.”

4

Rationalize weapon systems and infrastructure with defense strategy.

Aldridge stated that “many people would like to believe that with the advent of war, this issue of infrastructure has gone away on the grounds that we need every bit of infrastructure in the inventory. Not so. We need this realignment now more than ever.” He noted that “with the end of the Cold War the security environment has changed, as has the capability and productivity of modern business. But DoD has not kept pace. The transformed military must be matched by a support structure that is equally agile, flexible, and innovative.” One area he highlighted was to “tighten up the definition of core government function. Areas of the infrastructure that contribute directly to the warfighter should be owned by the DoD, with the rest being considered for outsourcing.”

5

Initiate high-leverage technologies to create the warfighting capabilities, systems, and strategies of the future.

The new war on terrorism will require the capability to develop new technologies and transform them rapidly into advanced capabilities. “If there ever was an asymmetric, technology-dependent war, the one we are fighting is it.” He noted that “the key to leverage and force multiplication is technology. The means and methods by which we pursued [our] technological advantage in previous years are no longer adequate to our needs ... The only thing between an effective high-technology war fought on our terms and the war of attrition desired by our enemies is our technological advantage.”

From left: Donna Richbourg, Director, Acquisition Initiatives, OUSD(AT&L), and Navy Vice Adm. Joseph Dyer, Commander, Naval Air Systems Command. Photo digitally enhanced by Ed Boyd



From left: Army Lt. Gen. Roy Beauchamp, Deputy Commanding General, Army Materiel Command, and retired Air Force Gen. Larry Welch, President and CEO, Institute for Defense Analyses.

Aldridge also discussed his emphasis on defining acquisition effectiveness metrics, “because you cannot manage what you cannot measure.” OSD has established top-level metrics, including cycle time reduction, stability, logistics cycle time, Reducing Total Ownership Cost (R-TOC), Cost As an Independent Variable (CAIV), and spiral development.

Following his keynote address, Aldridge moderated a panel of aerospace indus-

try Chief Executive Officers (CEOs). Subsequent panels included other leaders of the acquisition community, including Service Acquisition Executives (SAEs), PEOs, and System/Materiel Command commanders. A Wall Street panel provided insights about how DoD practices influence the competitiveness of the aerospace industry. Despite their varying perspectives, the speakers at the conference substantially agreed on a number of key issues.

Impacts of Sept. 11 and the War on Terrorism

Several speakers commented on the impacts of the terrorist attacks and the subsequent war on terrorism, not only on the acquisition community but also on the defense industry. These impacts include an increased sense of urgency about many of DoD's missions, concern about security of industrial and military facilities, potential increases in production of selected military equipment, and increased concern about the short-term prospects for the U.S. economy.

Army Lt. Gen. Roy Beauchamp, Deputy Commanding General, Army Materiel Command, noted a particular increase in concern about manufacturing facilities, from the viewpoint of both potential production increases and security precautions. Ammunition production and chemical weapon storage and destruction are of particular concern.

Army Brig. Gen. Edward Harrington, Director, Defense Contract Management Agency (DCMA), noted that DCMA has also become increasingly active in performing vendor surveys in the wake of the events of Sept. 11. Program managers are increasingly concerned about the potential impact on their schedules if a vendor is lost or the ability of a vendor to ramp up production is impaired.

Navy Vice Adm. Joseph Dyer, Commander, Naval Air Systems Command, agreed that the biggest change within the Naval aviation community has been that the PEO/Weapons is carefully checking where the Navy's smart weapons are located, and identifying the Navy's critical supply sources.

Navy Vice Adm. George Nanos Jr., Commander, Naval Sea Systems Command, said that concerns with security have increased significantly. "We're a lot more suspicious than we were," he stated. He noted that shipyards have traditionally maintained strong security on the land side, but have been more open to non-military traffic on the water side. This now is taking much more atten-

tion. "We are spending a lot of time in the area of force protection."

Air Force Gen. Lester Lyles, Commander, Air Force Materiel Command, commented that "besides force protection, which applies to everyone, what I hear is a heightened sense of urgency, a very strong focus, and a desire to transform the way we do business so that we can support the warfighter."

Michael Wynne, Principal Deputy Under Secretary of Defense (AT&L), commented that many people within DoD have turned their attention to what can be done to prevent further terrorist actions. "What can we do right now to deter or protect ourselves from such an event happening? We don't want to watch it on CNN and be forced to be as reactive as we are now." He urged the defense industry to turn their attention to this problem.

Several speakers pointed out the direct impacts the attacks had on industry. **Byron Callan**, First Vice President, Merrill Lynch, noted that one immediate impact of Sept. 11 has been to brighten the short-range future for some parts of the defense industry. "The public is more interested in defense right now. There's more money for national security, though it won't be open-ended." He noted that investors are now more interested in defense stocks, and it may be easier for defense contractors to raise capital.

Several speakers said that the terrorist attacks also appear to have magnified what was already developing as a troubled situation for the commercial aerospace industry. The twin impacts of the Sept. 11 tragedy and the emerging recession have done severe damage to the aerospace industry's primary commercial customers.

Retired Air Force Brig. Gen. John Douglass, President and CEO, Aerospace Industries Association, noted that not only have new orders for commercial airliners dried up, but many airlines have cancelled existing orders, leaving a growing backlog of "white tails"—airliners

in production that don't have a customer.

Gerald Daniels, President and CEO, Military Aircraft and Missile Systems, The Boeing Co., agreed that "the airline industry has taken an extremely hard hit," and this will affect both the commercial and defense segments of the aerospace industry. The commercial side of the aerospace industry, which has been sustaining the industry for the past decade, now is very unhealthy.

Program Stability

As in every previous PEO/SYSCOM Commanders' Conference, a substantial number of speakers identified program instability as a major source of cost and cycle time growth.

For example, **Dr. Vance Coffman**, Chairman and CEO, Lockheed Martin Corporation, identified the lack of stable funding and stable requirements as principal barriers to effective acquisition programs. "Nothing is more disruptive than changing the schedule or funding," he stated. "It just obliterates progress." **Air Force Brig. Gen. Jeffrey Riemer**, PEO Command and Control and Combat Support, agreed on the principal barriers. "The biggest risk is unstable requirements and unstable funding."

Army Brig. Gen. John Urias, Deputy Commanding General for Acquisition, Army Space and Missile Defense Command, also agreed about the importance of funding stability, asserting that it "sets the stage for success or failure." He cited several programs under his purview that had "huge funding stability problems." Acknowledging that some of this instability resulted from performance problems, he said that others were "just Congressional or Departmental budget decisions, where funding was pulled out and moved elsewhere. That really ramped up the cost."

Nanos asserted that business stability is a key to cost reduction and affordability. He described the results of a business wargame in which shipbuilders were asked for proposals to "produce 15 ships for the price of 12." Nanos

EXHIBITS

A number of exhibits provided additional information on key DoD organizations and initiatives. Exhibitors included:

Army

POC: Col. Jim Stevens, USA
james.stevens@saalt.army.mil

Air Force

POC: Col. Mary Ann Seibel, USAF
mary.seibel@pentagon.af.mil

Defense Acquisition University

POC: Chris St. John
chris.stjohn@dau.mil

Defense Contract Management Agency

POC: Julia McNair
jmcnair@hq.dcm.a.mil

Navy Acquisition Reform Office

POC: Daphne Wanzer
dwanzer@dynsys.com

Navy SeaPort MAC Award

POC: Stephanie Curry
currySR@navsea.navy.mil

Open Systems Joint Task Force

POC: Kim Moore
kim.moore@osd.mil

Special Operations Command

POC: Sheila Lewis
LewisS@socom.mil

Virtual Technology Expo

POC: Joanne Spriggs
Joanne.Spriggs@osd.mil

noted that “they were all fairly obvious recommendations, and they all dealt with business stability.”

Aldridge pointed out that the initial pricing of programs is a particularly important aspect of stability. “You can’t start as many programs, but the ones you start will have more credibility. Every time you have these programs that are underpriced, you have to slip them. Properly pricing programs is a cost savings matter.”

John Young, Assistant Secretary of the Navy (Research, Development and Acquisition) agreed that budget instability is a major cause of subsequent delays and cost growth. “We need to better communicate the impact of general reductions. These small cuts force a significant increase in costs . . . Frankly, in some ways fewer fully funded programs would be better than the process of trimming everything along the way. These trims waste manhours, they increase costs, they force rebaselining of the programs, and renegotiation of contract line items.”

Evolutionary Acquisition

Virtually every speaker agreed that the new acquisition procedures calling for evolutionary acquisition are a major improvement in the acquisition process. Aldridge stated that the acquisition community increasingly is embracing this concept, “which calls for using mature technologies to produce weapon systems that meet many—but not necessarily all—of the operational requirements when the system is first deployed. The concept then calls for incorporating upgrades to those systems later, when the technologies are available. The objective of Evolutionary Acquisition is to accommodate the needs of the warfighter more quickly, more precisely, and more economically.”

Retired Air Force Gen. Larry Welch, President and CEO, Institute for Defense Analyses, observed that aircraft systems traditionally have developed a Model A with initial capability and then provided successive blocks with greater capability. Dyer commented that “we now believe any given aircraft platform



John Hickok (left), DAU Knowledge Management Officer and Program Management Community of Practice (PM CoP) Co-Lead, greets visitors to the DAU e-Learning Exhibit.

Retired Air Force Brig. Gen. John Douglass (center), President and CEO, Aerospace Industries Association, visits the Navy Acquisition Reform exhibit. Douglass is a former Navy Service Acquisition Executive.



From left: Gerald Daniels, President and CEO, Military Aircraft and Missile Systems, The Boeing Co.; Michael Wynne, Principal Deputy Under Secretary of Defense (AT&L); and Dr. Vance Coffman, Chairman and CEO, Lockheed Martin Corporation.



will have 4½ avionics suites in its lifetime. We have to accept that the system is going to evolve.”

Terry Little, System Program Director, Lethal Attack Joint Program Office, commented that the former process, which required the program to have a complete requirements baseline and fully funded program by Milestone I, was more likely to cause cost and schedule problems. “The problem was, very often at that point in a program we didn’t really know enough to have a budget or a firm set of requirements, but the system forced us to do that. The result often was gross disappointment later in the program when we learned more and found out that some of our early projections turned out not to be true.”

Several speakers suggested that DoD must look beyond the acquisition community to the requirements community to ensure iterative requirements are fully implemented. For example, Lyles commented that a final necessary evolution is to develop a spiral ORD [Operational Requirements Document]. “We did away with specifications, but left this long ORD saying exactly what we want. Presently, the ORD defines the entire system capability and then we may buy

it in a spiral way. We need to go the final step to spiral ORDs, because sometimes we can’t define the final capability at the outset of the system.”

Little said, “Once you have a real ORD, you can forget about performance trades. Once you have a firm set of requirements, you don’t have flexibility anymore in cost or schedule. So one of the deliberate things in the new acquisition

Terry Little, System Program Director, Lethal Attack Joint Program Office, and retired Air Force Lt. Gen. “Tom” Ferguson.



process is to maintain some flexibility in the requirements so that you really can make these trades.”

Aldridge also said that “another element of spiral development is the requirement that cost be considered as an independent variable in all systems acquisitions. In our age of limited resources, this requirement—which is just fiscal triage—is long overdue.” Dyer agreed. “If you have good requirements, an independent cost estimate, an integrated schedule, and full and stable funding, you should have a successful program. If you miss one of those, you’re struggling; if you miss two, you’ll fail.”

Cycle Time and Cost Reduction

There was widespread agreement among the speakers that acquisition and logistics cycle time reductions are key requirements to reduce costs and improve affordability. Coffman pointed out that “as we drive out costs, we improve performance. The challenge is making the ‘Arsenal of Democracy’ as good as it can be in providing the military the systems it needs.”

Coffman asserted that many program delays are budget-driven rather than schedule-driven. “We can’t afford to put more money in, so we’ll buy at this rate. It’s very damaging to be constantly re-

TUTORIALS PROVIDE OPPORTUNITY FOR UPDATES

Buoyed by strong attendance and good feedback from the tutorial sessions presented at previous PEO/SYSCOM Commanders' conferences, organizers of the 11th conference decided once again to schedule two tracks of tutorials at Fort Belvoir on Oct. 23, the day before the formal conference opening. Once again, the tutorials were focused on new initiatives and emerging issues of substantial interest to the acquisition community. The topics and presenters included:

Information Assurance—Implementation Lessons Learned

Rick Harvey, Research Staff Member, Institute for

Defense Analyses (IDA); Richard Hale, Defense Information Systems Agency (DISA), Chief Engineering Aide for IA; and Louise Davidson, Chief of Naval Operations (CNO), Information Warfare Division.

Defense Microelectronics Activity (DMEA)

Ted Glum, Director, Defense Microelectronics Activity.

Building Implementation Strategies for Evolutionary Acquisition

Patrick Place, Senior Member of Technical Staff, COTS-Based Systems, Software Engineering Institute; and

lead; and Noel Dickover, PM CoP Risk Management co-lead.

Contractor Cost Sharing

Carol Covey, Deputy Director, Defense Procurement, Cost, Pricing, and Finance.

Electronic Business/Electronic Commerce

Dr. John Godbey, Acting Deputy Director, Defense e-Business Program Office.

Implementation of R-TOC by Pilot Programs and DLA

Leon Reed, Research Staff Member, IDA; and Doug Walker, Chief Weapon Systems Support, DLA.

CMMI and Systems Integration

Mike Phillips, Program Director, CMMI Special Projects, Software Engineering Institute; and Air Force Lt. Col. Melanie Benhoff, Project Officer, National Reconnaissance Office.

Acquisition Community Integrated Digital Environment

Air Force Maj. Shaun House, Action Officer, Work Culture Transformation Board.

Air Force Warfighter Rapid Acquisition Process

Air Force Maj. Arnold Lee, Chief Deputy, Acquisition Reform; and Ron Mlinarchik, Assistant Deputy, Acquisition Reinvention.

CPARS/IPARS/EVM Reporting Consistency

Larry Szutenbach, Strategic Planning Division, Office of the Assistant Secretary of the Navy (RD&A); and Mike

Bone, Director, Contract Management, Lockheed Martin.

Application of Earned Value Management, a Defense Contract Management Agency (DCMA) Perspective

Frank Lalumiere, Program Support and Customer Relations, DCMA; and Michael Lowry, EVM System Policy and Process Owner, DCMA.



Navy Capt. Kevin Peppe, Branch Chief, Strategic and Tactical System Requirements, J-8, presents a tutorial on "Chairman Joint Chiefs of Staff Instruction (CJCSI) 3170.01B."

Joe Ferrara, Consultant.

CJCSI 3170.01B

Navy Capt. Kevin Peppe, Branch Chief, Strategic and Tactical System Requirements, J-8.

On-line Support for the Program Office; Program Management Community of Practice (CoP) Awareness

John Hickok, Knowledge Management Officer, DAU and PM CoP co-lead; Page Glennie, Acquisition Knowledge Management, Department of the Navy (DON) Acquisition Reform Office and PM CoP co-



Carol Covey, Deputy Director, Defense Procurement, Cost, Pricing, and Finance presents a tutorial on "Contractor Cost Sharing."

planning the program.” Daniels agreed that a principal challenge in reducing cycle time is to “get that dead time out of the system. The challenge is not to reduce time by 10 percent, but by a factor of 10.”

Wynne remarked that R-TOC Pilot Programs have developed very promising cost and cycle time reduction initiatives. More efforts are needed to spread R-TOC beyond the Pilot Programs.

Blaise Durante, Deputy Assistant Secretary of the Air Force (Management Policy and Program Integration) agreed that the R-TOC approach is important. “It offers the chance to get visibility into true costs.” He said that flying hour costs are increasing at the rate of 12 percent a year, but that aging aircraft costs are hard to address because they are hidden in O&M [Operations and Maintenance] budgets.

Dr. Ken Oscar, Assistant Secretary of the Army (Acquisition, Logistics and Technology), noted that the Army is reorganizing its acquisition process to put all program managers under PEOs. He stated that the PMs will be given authority over “every single color of every kind of money,” including tech base funding and O&M.

Nanos said incentives are key to cost reduction. “Contractor profit in the shipbuilding industry depends on revenue, not on productivity. I believe we’ll solve this problem when we figure out how to align this incentive so that industry is compensated for improvements in productivity.”

Young also was critical of government practices. “Our system easily fosters these inefficient types of behavior that perform within the rules, such as taking a program’s money when they achieve savings. The current rules really make efficient, affordable behavior the exception. I’m confident the new team intends to change these things.”

Urias described a cost-reduction initiative, which has been successful in re-



PEOs from left: Army Brig. Gen. Edward Harrington, Director, Defense Contract Management Agency; Air Force Brig. Gen. Jeffrey Riemer, PEO Command and Control and Combat Support; Navy Rear Adm. Charles Hamilton, PEO Surface Strike; Army Brig. Gen. John Urias, Deputy Commanding General for Acquisition, Army Space and Missile Defense Command; and retired Air Force Lt. Gen. “Tom” Ferguson.

ducing PAC-3 [Patriot Advanced Capabilities—3rd Generation] unit costs by one-third. The initiative involved alternate materials, reduced parts count, lean manufacturing, and other initiatives. “Coupled with some incentives and some additional funding, we were able to kick-start some cost-reduction initiatives where the savings would be put back in the program.”

Defense Industry

A number of speakers commented on the importance of industry in supporting DoD’s warfighting capabilities. Some parts of industry are not economically healthy right now, and DoD’s practices have an important impact on the economic health and responsiveness of the industry.

Coffman observed that “America still is the Arsenal of Democracy ... We all share in the objective of making the Arsenal of Democracy as good as it can be ... We in industry recognize that we have a special responsibility in this first war of the 21st Century.”

Several speakers noted that the events of Sept. 11 have increased concern about the health and responsiveness of

the industrial base. Dyer stated that he previously did not consider the industrial base to be a major issue, but “as we ramp up to fight a real war, the industrial base is becoming a genuine concern.”

Daniels noted that “We have to understand our role in winning this fight. At the same time, we’re part of an economic system that has to remain healthy. The commercial side of that industry isn’t healthy right now.” He noted that this problem is “flowing down to our suppliers. We’re going to feel that sickness flow its way through the entire sector.”

Pierre Chao, Managing Director, Credit Suisse First Boston, pointed out that the defense industry must compete with every other industry for capital. “There is no right to have dollars flow into this industry.” He noted that acquisition rules are a primary reason why capital has been leaving this industry. “The returns aren’t there. There is a danger of this industry becoming a technological ghetto.” Daniels also noted that “We’re competing for resources with people who are in a different economic paradigm. We all go back to the ‘Street’ for our resources.”



Industry CEOs/Presidents from left: Gerald Daniels, President and CEO, Military Aircraft and Missile Systems, The Boeing Co.; Mark Ronald, President and CEO, BAE Systems North America; Vance Coffman, Chairman and CEO, Lockheed Martin Corporation; and Aldridge.

Several speakers argued that export controls have a negative impact on the defense industry. Coffman said that a recent review of the International Trade in Arms Regulation (ITAR) “suggests that a low percentage is really national security. Reducing the list would save a lot of time.” Daniels stated that ITAR regulations are forcing his company to push military derivatives of the 767 to a separate production line.

Acquisition and Defense Industry Workforce

Several speakers noted that the “dot.com crash” may have temporarily relieved some of the most serious workforce recruitment and retention problems. As the opportunity to make millions in Internet startups has receded, the stability of more traditional employment may look more attractive. Nevertheless, both the Federal Government and industry are facing the difficult problems of an aging workforce and difficulty in attracting, training, and motivating new workers.

Coffman stated that “what happened on Sept. 11 is an impetus for a lot of people who left the industry to say, ‘Maybe I made a mistake and maybe the defense industry is the best place to be working from the viewpoint of interesting pro-

grams, future, and what’s good for the country.’” However, **Mark Ronald**, President and CEO, BAE Systems North America, suggested that DoD and defense industry’s need for people with expertise in electronics and information technology will remain high, and the commercial downturn is likely to be temporary. “There’s going to be another

crunch coming. It could take a couple of years for those industries to recover; but they will recover, and there will be huge competition for those people.”

Urias stated that he is “very concerned about losing the experience base” as a large portion of the government acquisition workforce retires in coming years. He cited several accelerated training programs being used within his command and emphasized the importance of providing training and responsibility. “If you don’t empower your people, you don’t grow your people.”

Harrington also noted that “a lot of expertise” within DCMA is going to retire in the next few years and observed that the problem of workforce retirements is magnified by the 270-day average cycle time to hire new employees. Riemer suggested that expert systems are needed to document best practices and “give us the tools to do the work in the next five years” as the workforce retires.

Interoperability

There was widespread agreement that coalition forces will fight the present conflict, and others in the future, and that this will place a higher premium



Service Materiel/Systems Command Commanders from left: Army Lt. Gen. Roy Beauchamp, Deputy Commanding General, Army Materiel Command; retired Air Force Gen. Larry Welch, President and CEO, Institute for Defense Analyses; Navy Vice Adm. Joseph Dyer, Commander, Naval Air Systems Command; Air Force Gen. Lester Lyles, Commander, Air Force Materiel Command; and Navy Vice Adm. George Nanos Jr., Commander, Naval Sea Systems Command.

on interoperability. Daniels stated "that the country will fight in coalition is the rule. Fighting in coalition and doing it effectively implies a certain degree of interoperability that does not today exist. In fact, it doesn't exist between Navy aircraft and Air Force aircraft. This has to change. It isn't enough to say, 'Okay, this will be the American standard and everyone must comply.' It also implies that a degree of industrial collaboration is needed. We need to identify and sweep away barriers so we can strengthen the collaboration."

Lyles noted that experience in the air war in Kosovo showed that "All of the platforms worked very well, but one problem we noticed was linkage between platforms and especially data linkage."

Conference Wrap-up

The conference closed with a two-hour Q&A session with the SAEs, moderated by Wynne. At the conclusion of the conference, Wynne thanked the audience for their participation and said that the discussions during the conference would be of great assistance to AT&L in shaping future acquisition initiatives.

Editor's Note: The author welcomes questions and comments on this article. Contact him at LReed@ida.org.

For information on past or upcoming PEO/SYSCOM conferences or workshops, refer to the DSAC Web site at <http://www.acq.osd.mil/dsac/>.

Acquisition Initiatives – Reaching the Workforce – Results of the 2000 Survey of the Defense Acquisition Workforce

Do you want to know the impact of acquisition initiatives on the workforce? The Deputy Under Secretary of Defense (Acquisition Initiatives) Web site at <http://www.acq.osd.mil/ar/aws2000/default.htm> contains the results of Defense acquisition workforce responses on how acquisition initiatives impact their jobs. Links at that Web site further direct users to the following categories:

Survey Interpretation: Summarizes the overall findings of the survey.

Initiatives Relevance: Compares the relevance of initiatives between the 1998 and 2000 surveys.

Initiatives Impact: Compares the impact of initiatives between the 1998 and 2000 surveys.

Management Support: Reports on the perceived attitude of acquisition workforce management.

Management Posture: Management's orientation toward change.

Outcome Measures: The extent to which acquisition managers are adopting outcome-based performance management systems.

Customer Orientation: The customer focus of acquisition management.

Employee Satisfaction: Overall perception of current and expected job satisfaction.

Knowledge Management: The defense acquisition communities' focus on knowledge management practices.

Workforce Demonstration: Compares the responses to six selected questions from both Acquisition Workforce Demonstration respondents and those who are not in a demonstration project.

Acquisition Initiatives Feedback, Management Support Feedback, and Job Satisfaction Feedback: Links to feedback forms.

Defense Acquisition University-George Mason University School of Public Policy Strategic Partnership

**Master of Science Degree in
Professional Studies in
Transportation Policy,
Operations & Logistics**

Under a new educational strategic partnership between the Defense Acquisition University (DAU) and George Mason University (GMU), GMU degree programs will now use education, training, and experiences of Department of Defense (DoD) Acquisition, Technology, and Logistics (AT&L) workforce members, who are certified in at least one of the AT&L career fields, in conjunction with graduate courses offered by GMU's School of Public Policy.

The programs will be available to any member of the DoD-wide AT&L workforce who holds a bachelor's degree from an accredited university; has achieved, at a minimum, Level I Certification in at least one DAU career field; and is admitted to a GMU degree program. Depending on the American Council on Education (ACE)-certified DAU courses taken, the DoD AT&L workforce member will receive up to nine semester hours of credit toward the degree programs.

For more information on the GMU program, contact **Jonathan L. Gifford**, Director, Master of Science in Professional Studies, Transportation Policy, Operations & Logistics, School of Public Policy.

Voice: (703) 993-2275

Fax: (801) 749-9198

E-mail: jgifford@gmu.edu

Web site: <http://www.paragoncom.com/transportpol/>